

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6092**

**BILL NUMBER:** HB 1525

**NOTE PREPARED:** Mar 28, 2005

**BILL AMENDED:** Mar 28, 2005

**SUBJECT:** POW/MIA Flag at State Buildings; Property Tax Exemptions.

**FIRST AUTHOR:** Rep. Alderman

**FIRST SPONSOR:** Sen. M. Young

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill requires the POW/MIA flag to be flown with the flags of the United States and Indiana at all facilities operated by the Department of Administration and at interstate highway rest areas. The bill also provides that the POW/MIA flag may be flown at State Police posts.

*Property Tax Exemptions:* The bill provides that tangible property of certain veterans organizations is exempt from taxation and provides that the exemption on land is limited to 15 acres for each qualifying taxpayer. In addition, the bill revokes the exemption in case of a violation of state gambling.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** (Revised) *POW/MIA Flags:* This bill will require the POW/MIA flag to be flown at properties overseen by the Department of Administration and at interstate highway rest areas when the flags of the United States and state of Indiana are flown. The requirement is estimated to increase state expenditures by about \$8,475 each year.

The bill will impact approximately 349 flag displays at state-operated facilities, including the 38 rest areas on the state's interstate highways. The Department of Veterans' Affairs reports that a 3' X 5' POW/MIA flag costs about \$10. Due to wear and tear, flags that are flown year-round are replaced every four to six months. The cost of flying the POW/MIA flag year-round is estimated to be about \$8,475 each year.

*Background Information:* The POW/MIA flag is currently flown at the Statehouse and the state's highway rest stops on Memorial Day and, beginning on the third Friday each September, for the number of days equal

to the number of Indiana MIAs from the Vietnam War. In 2004, the flag was flown for 59 days.

**Explanation of State Revenues:** (Revised) *Property Tax Exemptions:* The State levies a small tax rate for state fair and state forestry. Any change in the assessed value base will affect a similar change in the property tax revenue for these two funds.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** (Revised) *Property Tax Exemptions:* Under current law, real and personal property that is owned by a post or chapter of the Disabled American Veterans, Veterans of Foreign Wars, American Legion, American War Veterans, United States Spanish War Veterans, or AMVETS is exempt from property tax if the property is actually occupied by, and used exclusively for the purposes and objectives of, the organization.

This bill would remove the occupation and use requirements for exemption qualification. The bill would, however, limit the exemption on land owned by the organization to 15 acres. No acreage limitation currently exists.

So for these organizations, currently all property owned, without limitation on acreage, is exempt as long as the property meets the use requirements. Under the bill, all property would be exempt, with a 15 acre limit on land, regardless of property use.

Overall, the bill could result in either an increase or a reduction in the exempt value for a particular property. If the bill results in a larger exempt value or a greater number of exemptions, then the tax base would be reduced and there would be a shift of the tax burden *from* these organizations *to* all other taxpayers. Conversely, if the bill results in a smaller total value of exemptions, then the tax base would be increased and there would be a shift of the tax burden *to* these organizations *from* all other taxpayers.

Total local revenues would remain unchanged, except for cumulative funds where the fund revenue would be increased or reduced by the product of the change in exemptions (+/-) multiplied by the fund's tax rate.

*Loss of Exempt Status:* Under the proposal, a post or chapter of the Disabled American Veterans, Veterans of Foreign Wars, American Legion, American War Veterans, United States Spanish War Veterans, or AMVETS would lose its property tax exemption if the organization violates or permits the violation of the various state gambling laws on the premises.

**State Agencies Affected:** Department of Administration; Department of Transportation; State Police.

**Local Agencies Affected:** County auditors.

**Information Sources:** Chuck Coffey, 317-232-0215; Bea Tate 317-232-3279; Dept. of Administration.

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